Strategic Ignorance: A Catalyst for Sustainable Competency

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Key Words:

1. Strategic Ignorance,
2. Priority,
3. Decision Making,
4. Clusters,
5. Learning.

Abstract

Today market demands time and cost minimization. This can be performed by reducing non-priority activities within the business or, those activities which have very little or no impact on revenues from the business. In this research paper, we have attempted to understand the relevancy of strategic ignorance in modern context in terms of individual and collective basis. We have also tried to examine the components of different decisions which can be technically inculcated as applicable framework and practically implementable in various business applications.

INTRODUCTION

In a world of uncertainty, individual decisions are driven by perceptions of risks as well as preferences. While objective risk estimates seem the most relevant measure for decision making, there is considerable evidence that subjective and objective estimates are often far from each other. More importantly, aggregate biases in the perception of risks turn out to be persistent. For example, **Viscusi (1990)** 1 showed on the basis of a sample of 3119 individuals (including 779 smokers) that the average perceived probability of getting lung cancer because of smoking is 0.426 for the full sample and 0.368 for smokers. **"STRATEGIC IGNORANCE"** can be the conscious choice or alternative of not to acquire (not to pay attention to) a certain kind of information because of its cost in terms of time and effort that yields little or no benefit.

We may argue that people may choose to stay away from available information, fearing the impact that an alteration of belief could have on their behavior. Non-smokers mayexpect that optimistic estimates of tobacco's impact on health might induce them to smoke, with the risk of being trapped in overconsumption. This suggests that voluntary unawareness could be used as a self-control device preventing the individual from getting involved in a vulnerable activity which he may later repent. However, for ignorance to have such a commitment and assurance value, it is necessary to think away from the usual pattern of a rational, time-befitting individual decision maker. Generally, such behaviour may depend on two aspects:

As an individual or group gaining information:

1. a First, time **inconsistency.** We focus on an individual with dynamically contradictory preferences **(Strotz, 1956)** [2]. In each period, the instantaneous payoffs are overweighed relative to future rewards, so that the individual psychologically discounts short-term events at a higher rate than long-term events. At each time, a consumption decision can be made which raises immediate payoffs but enforces a negative externality on future welfare, just as smoking in the above discussion. An essential assumption is that the individual cannot always presumed to commit to his future decisions, and therefore plays a non-cooperative game with his future role decisions.

b Secondly, **costless learning** and perfect recall. There is partial information about a parameter that affects the magnitude (or frequency) of the external events. During every period, and before taking his relative consumption decision, the individual has a potential chance to gather information about such parameter at no cost, and attempts to update his thinking in a Bayesian way. If during some period the aforementioned information attainment process is extensive, complete knowledge of the parameter is achieved. Given perfect summon, all information collected at some past date can and will be used by the individual in the ensuing periods.

As an individual or group disseminating information

Information about an opponent's bargaining position plays

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an important role in
discussions aimed at reaching an agreement and it not only affects self- bargaining behavior but also that of the opponent behavior. Generally it is presumed that the more information is at hand about a bargaining situation, the better the bargaining position. But **Schelling(1960)**[3] confronted this view by arguing that a bargainer partly informed about his opponent's payoff structure might have a benefit for them because the completely informed opponent would be forced to make concessions to avoid a bargaining breakdown. In his chapter on "Strategic Moves" Schelling remarks that "(...) ignorance **can be an advantage to a player** if it is recognized and taken into account by an opponent" (Schelling, 1960, p.161).

Juan D. Carrillo (2000)[4], concluded from his study that the learning strategy depends critically on the time horizon. Their study showed that strategic ignorance is always symmetry of the infinite possibility game where information is freely available in each interlude or time-period. Ignorance is and always be a part of today and future. This conclusion also holds true for the consumer's initial belief, thereby intensifying the case for implementation of strategic ignorance. In addition to the above, an important new insight is that each individual self is now strategically inhibited by the possible experimentation strategy of his successors. This extra conflict among selves can only be captured in a very rough way within a finite horizon model, since it impedes the very existence of strategic ignorance equilibrium. An associated point is that trying to focus on the Markov perfect equilibrium of a stationary model which shall allow an unhindered analysis of the interactions between consumption and informational externalities. They also attempted to demonstrate in particular that diverse levels of learning can be achieved depending on the degree of synchronization among selves. An important consequence is that strategic ignorance leads to unambiguous Pareto improvements (less and more) compared to complete learning.

LITERATURE REVIEW

In classical expected-utility theory, the value of information is non-negative **(Machina, 1989)**[5]**.** A person should never be worse off gathering free information about a choice. **Dana et al. (2007)**[6] find, however, that if the choice affects the well-being of other people, and if the person feels confused about doing what he requires versus "doing the right thing" (based on social norms such as fairness), he may exercise strategic ignorance: he reduces his internal conflict by trying to avoid free information on what he "should" do **Proctor and Schiebinger (2008, p.3)** [7] emphasize the subsistence of ignorance from an apostolic perspective and differentiate between —ignorance as native state (or resource), ignorance as lost realm (or selective choice), and ignorance as a deliberately engineered and strategic play (or active construct). Despite the significance of strategic ignorance in human interactions, the literature on this topic in bargaining is reasonably small. Some experimental studies have shown that negotiators might not profit from being uninformed. For example, **Roth and Murnighan (1982)**[8] showed that varying information skewness between negotiators has an impact on how a pie is split up, i.e., unacquainted negotiators tend to be exploited by their more informed opponents. Negotiators made lower offers during different time periods if they knew that their opponent was unaware about the actual pie size. In this case, being ignorant turned out to be a disadvantage (see also **Kagel, Kim and Moser, 1996)**[9]**.** Other experimental investigations, however, have shown that ignorance might be an gain or advantage. A determining study of the role of ignorance in bargaining was conducted by **Siegel and Fouraker (1960)**[10]**.** In their bilateral bargaining experiment the buyer was aware of the payoff tables of both sides but the seller was aware of his own payoff table. In the follow-up, buyer and seller had to finally come up with a price-quantity agreement. Although their results were not significant, the authors acknowledged a clear tendency that the completely uninformed participant was better off than his informed opponent. **Siegel and Fouraker** argued that such incompletely informed bargainer established a higher desire level as he was not able to form realistic expectations and therefore made larger demands, smaller concessions and accepted longer durations to reach an agreement. A follow up study by **Hamner and Harnett (1975)**[11] showed a similar effect. **Beisecker, Walker and Bart (1989)**[12] also examined a complete-incomplete information situation with a fictitious bargaining task. Their results show that an uninformed bargainer can benefit from ignorance when his opponent perceives his own advantage as a violation of process equity. To restore relative equity, the completely informed bargainer may try to accept less favorable agreements. In aggregate, this strand of literature indicated that it can really be a benefit to be ignorant in bargaining. However, none of these studies examines the possibility to willingly and strategically choose

to remain ignorant. More recently, **Poulsen and Roos (2010)**[13] evaluated the effect of strategic information avoidance in a **Nash demand game** where two players had to negotiate about the allotment of an amount of money. In the beginning, the responder had to choose whether or not he was required to learn about a demand a proposer claimed. The proposer was made known about the responder's decision, before stating his demand. After more repetitions in the same setting, responders learned that more information exchange may hurt, i.e., in due course of time, intensity of information avoidance increased and the distribution of the surplus became more balanced. In the final game setup, **Poulsen and Tan (2007)**[14] let the actual responder choose his Minimum Acceptable Offer (MAO). The proposer could then costlessly attain the information about the responder's MAO before making his own proposal. The final offer was either to be accepted or rejected according to the previously stated MAO. Later, it was revealed that one third of the actual proposers remained uninformed and were offered half of the pie. Information-acquiring proposers had set offers equal to the responders' MAOs. In a treatment without information attainment, the MAOs stated by the responders were much smaller compared to the information-acquisition treatments presenting the opportunity of gathering information about the MAOs may boomerang for the informed party. Thus in these two studies one player had the opportunity to remain ignorant about the other player's strategic choice. In a similar study, Gehrig, **Güth and Levinský (2003, 2006)**[15,16] examined a condition in which a proposer could monetarily procure information about a responder's outside option in an ultimatum game. Under standard transparent information acquisition, where the responder was aware whether the proposer was informed, acceptance rates were much higher than in non-transparent situations.

RESEARCH OBJECTIVES

The research objectives for the current research can be :

1.To understand the relevancy of strategic ignorance in modern context in terms of individual and collective basis.

2.To deduce an analytical framework directed at minimizing future efforts and energy for decision making.

3.To identify causes and effects of strategic ignorance.

4.To suggest possible applications of strategic ignorance.

HYPOTHESIS

We can initially make following assumptions:

a.Null Hypothesis(H0):

Business success is dependent on strategically ignored issues.

b.Alternate Hypothesis(H1):

Business success is not dependent on strategically ignored issues.

DATA COLLECTION

Necessary data has been collected mainly from secondary sources that includes research papers, journals, website articles etc.

DATA ANALYSIS

Possible causes of strategic ignorance:

Some of the common causes of using strategic ignorance can be:

Long term personal experience can be inculcated in the form of data in databases.

The cause- result learning can be converted into suitable formulas or algorithms for decision making.

The competitive environment makes it necessary to devise priority feasible alternatives rather than revising wrong decisions of the past.

Avoiding unnecessary, less relevant, non-pervasive situations thus saving time and minimizing cost involved on resources employed.

Creating clusters of "acceptable" and "rejected" modules for different departments for strategic decisions becomes necessary.

Analytical framework

The term " Strategic ignorance" can be understood through a proposed analytical model from the point of view of entities

(a) Individual entity.

(b) Team as an entity.

We can consider the following analytical framework for self ignorance and group

ignorance. We call this model as **SIDM** "Strategically ignored decision model".

In the above fig 1, we have tried to assign variables for two entities namely **"SELF"** (as X) and **"OTHERS"** (a) and create an analytical framework for identifying underlying factors for **"SELF- DECISION"** and **"OTHERS DECISION"**. We can use this component for understanding " agreements" and " conflicts" which are results of exchange of information between **"SELF"** (as X) and **"OTHERS"** (a).

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1. GENERAL PREDICTION :

SELF (X)	OTHERS (a)	DECISION (r or g)	RESULT
IGNORANCE (y %)	IGNORANCE (b %)	GROUP UNINAMOUS REJECTION	(-),STRATEGIC NEGATIVE
ACCEPTANCE (z %)	ACCEPTANCE (c %)	GROUP UNINAMOUS ACCEPTANCE	(+), STRATEGIC POSITIVE
(INDIVIDUAL DECISION)	(INDIVIDUAL DECISION)	PERSONAL	INCLINED

2. CONFLICT SITUATION :

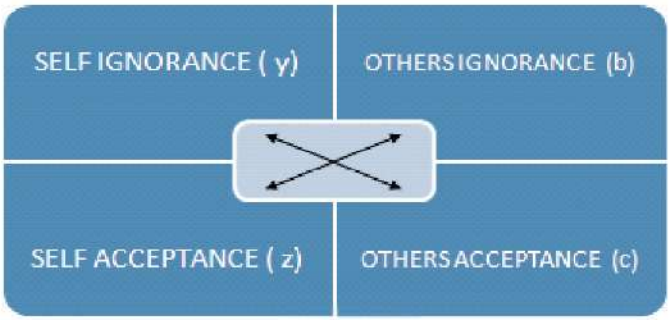

Figure 1. ANALYTICAL INPUT FRAMEWORK
(Source: Author)

In the above fig. 2, we can see that individual composite self decisions(∑x) can be the result of both composite ignorance(∑y) as well as composite acceptance(∑z). Composite ignorance is dependent on individual ignorance's over time 't' (shown as y1,y2.....yt.) each multiplied with individual weights'w' over time 't' (shown as w1, w2,.....wt). Similarly, for composite acceptance individual acceptance over time 't' (shown as z1,z2.....zt.) each multiplied with individual weights '(1-w)' over time 't' (shown as (1-w1),(1- w2),.....(1-wt) considering (w, (1-

Considering "t" as time frame ;

SELF DECISION:

$\sum x_t = \sum y_t + \sum z_t$

Where,

$\sum y_t = w_1 y_1 + w_2 y_2 + \ldots\ldots\ldots\ldots\ldots w_t y_t$

$\sum z_t = (1-w_1) z_1 + (1-w_2) z_2 + \ldots\ldots\ldots\ldots\ldots (1-w_t) z_t$

'w' as weight

OTHERS DECISION:

$\sum a_t = \sum b_t + \sum c_t$

Where,

$\sum b_t = m_1 b_1 + m_2 b_2 + \ldots\ldots\ldots\ldots\ldots m_t b_t$

$\sum c_t = (1-m_1) c_1 + (1-m_2) c_2 + \ldots\ldots\ldots\ldots\ldots (1-m_t) c_t$

'm' as weight

Figure 2. THE DECISION OR PROCESS MODULE
(Source: Author)

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w)) as corresponding weights from each experience.

The same can be replicated for others decisions, others composite self decisions(∑a) can be the result of both others composite ignorance(∑b) as well as others composite acceptance(∑c). Others Composite ignorance is dependent on individual ignorance's over time 't' (shown as b1,b2.....bt.) each multiplied with individual weights 'm' over time 't' (shown as m1, m2,.....mt). Similarly, for others composite acceptance individual acceptance over time 't' (shown as z1,z2.....zt.) each multiplied with individual weights '(1-m)' over time 't' (shown as (1-m1),(1- m2),.....(1-mt) considering {m, (1-m)} as corresponding weights from each experience.

As seen in fig 3, There can be two kind of results arising when one individual confronts others individually or as individual confronts with a group. The first situation can be conflicts (∑conft) where individual's ignorance (∑yt) clashes with others acceptance(∑ct) or, individual's acceptance(∑zt) clashes with others ignorance(∑bt). On the other hand, alternate expected mutual acceptance (∑accpt) of individual's ignorance (∑yt) coincides with others ignorance (∑bt) or, individual's acceptance (∑zt) coincides with others acceptance (∑ct). The latter two (both mutual agreement of acceptance or rejection) are

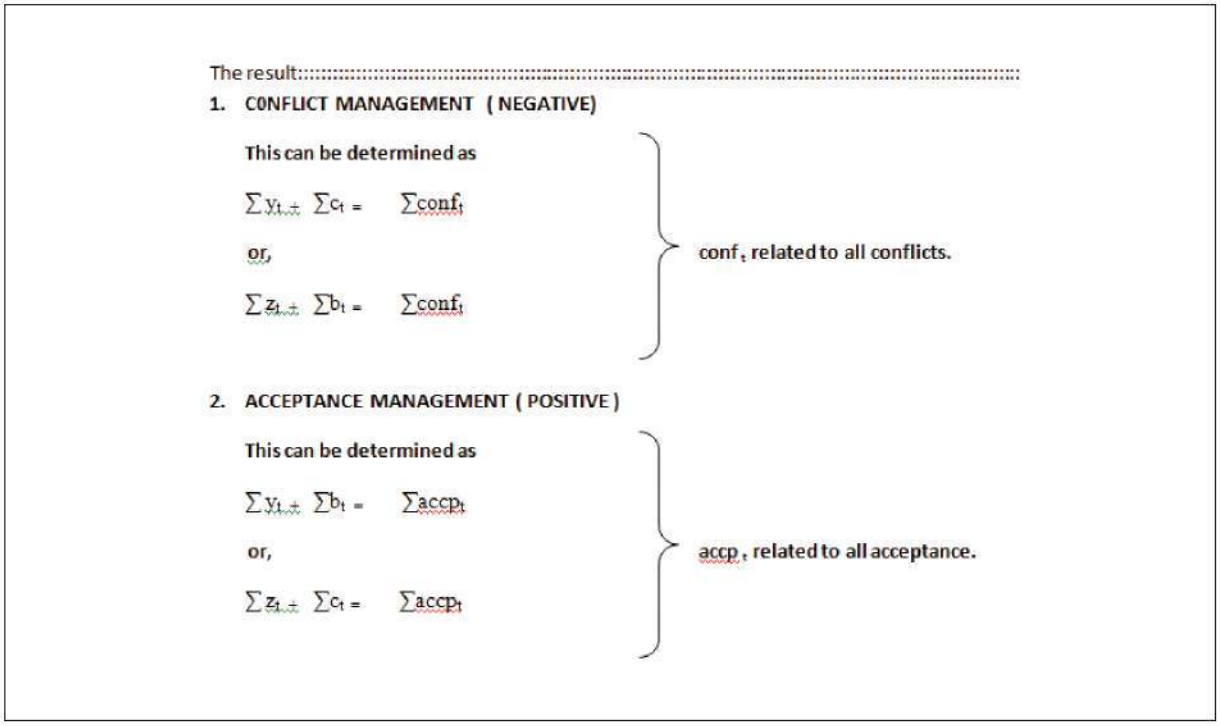

Figure 3. THE RESULT OR OUTPUT MODULE
(Source: Author)

always preferred than the former two.

MACHINE LEARNING SYSTEMS:

Different machine learning systems can be used to identify patterns and simultaneously build clusters of input variables **(V1 & V2)** or factors which can effect results **(R1 & R2).** While V1 can be strategic ignorance variables to be ignored strategically and V2 treated as set of priority variables resulting in strategic priority decisions. (as seen in Fig 4).Such machine learning systems that can be deployed may include Decision tree learning, Association rule learning, artificial neural network (ANN), Inductive logic programming (ILP), Support vector machines (SVMs), Cluster analysis, Bayesian network learning, Reinforcement learning, genetic algorithm (GA) etc.

RELEVANCE IN TERMS OF ETHICAL DILEMMAS:

Recently, a series of economic experiments have demonstrated the importance of strategic ignorance in ethical dilemmas. Ehrich and Irwin (2005) show that consumers are reluctant to inquire into the ethical problems in the production of cheap products, even though some will use the information when available. Dana, Weber, and Kuang (2007, DWK hereafter) investigate a binary dictator game where there is uncertainty about whether a self-interested action will hurt the recipient's payoff s. Dictators can choose to and out free of charge what those consequences are. Almost half

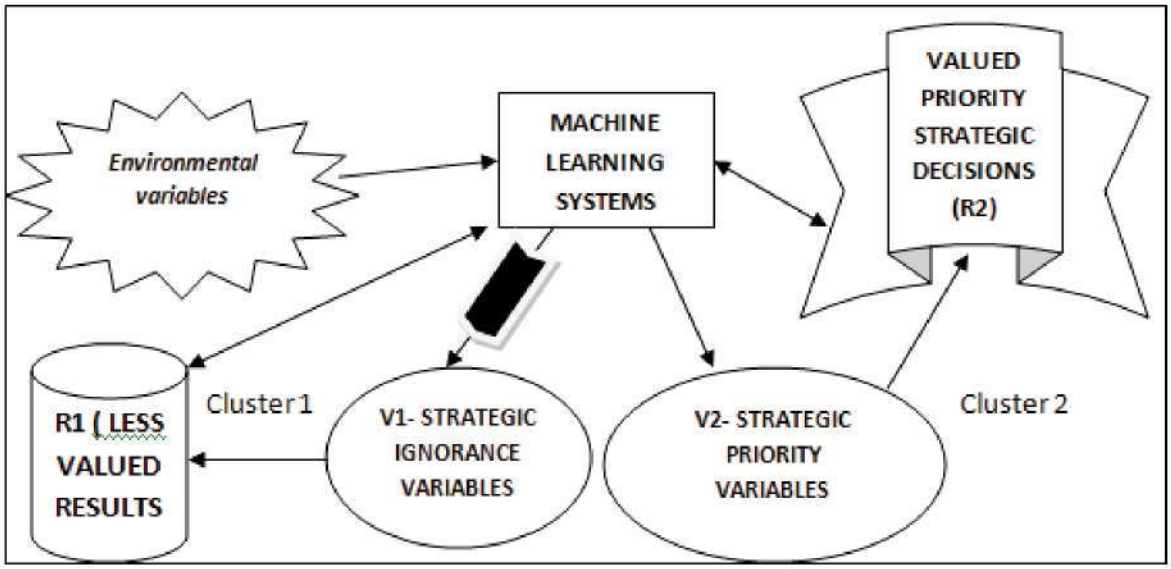

Figure 4. Using machine learning for creating strategic ignorant and priority variables.

of the dictators choose not to and out, and the fair outcome is chosen much less often than under full information about outcomes. As an explanation, DWK suggest that while under full information people feel compelled to make sacrifices in the name of fairness, they will use self-imposed ignorance as an `excuse' to avoid such sacrifices if possible.17

(Source: Inconvenient Truths: Determinants of Strategic Ignorance in Moral Dilemmas. Available from: (https://www.researchgate.net/publication/256057280_Inconvenient_Truths_Determinants_of_Strategic_Ignorance_in_Moral_Dilemmas)

RELEVANCE IN FORM OF SOCIAL INVESTMENTS

Investing in women and girls is rightly at the core of today's development agenda. The World Bank in its 2012 flagship report identified gender equality as a critical matter for development not only on its own right but also based on the copious evidence on its impact on human welfare and development.. We also know that investing in microenterprises is extremely profitable. But it is less known that investing in microenterprises owned by urban males is even more profitable. The evidence casts doubt on the idea that capital (cash) alone will increase the profitability of female owned micro-enterprises, bearing in mind that in kind treatments do have a significant impact on their profitability in Ghana, particularly when the firms were initially more profitable and were past a subsistence level. This evidence is consistently strong in three continents (Mexico, Ghana and Sri Lanka (Source: http://econ.worldbank.org/). 18This begs the question as to why there are so few policy efforts specifically directed at reducing barriers to capital for young urban males.

6.6 DECISION MAKING :

Decision making is made more prudent and realistic using relevant and realistic information filtered through expert systems and human experience based on learning systems gained from situational analysis. Despite some controversies, ignorance is only recognized in policies focusing on the approval and use of new technologies.(Source: http://www.ncbi.nlm.nih.gov/pmc/articles/PMC3090021/). 19 Deliberately avoiding information about potentially harmful consequences of self-interested decisions, or 'strategic ignorance', is an important source of maintaining order and discipline in pursuit of predefined goals and objectives.

RESEARCH FINDINGS

Some of the observed details which can be summarized as:

All experiences must be recorded in the form of data in databases through different data capturing devices such as audio, video, text etc.

Patterns of input data or variables must be continuously analyzed for deriving suitable patterns which can indicate the trend for future decision making.

Developing "Acceptance" and "Rejection" clusters at different time periods is necessary. Processed data be needs to be continuously added or subtracted to both clusters based on real time analysis of continuous data. (

CAUSES AND EFFECTS OF STRATEGIC IGNORANCE:

SI NO	Issues	CAUSES OF STRATEGIC IGNORANCE	EFFECTS OF STRATEGIC IGNORANCE
1	Cost of information	High costs to get more / all information from multiple sources .	It saves or minimizes costs to a great extent .
2	Time to get information	More time to gather information .	Time can be saved and utilized for other effective purposes.
3	Transparency	More data leads to confusion and mismanagement more often.	Filtered strategically selected data can lead to directed t ransparent results.
4	Observations	Operational observation becomes more difficult with loads of activities to be observed, managed and stored	Operational observation becomes easier and smoother to track and solve problems .
5	Manpower	Requires more manpow er with increasing loads of activities.	Saves Manpower costs for the organization.

(Source: Author)

see Fig. 4).

Conditional weights should also be used for every ignored or accepted results indicating their percentage and role played by them in different environmental situations.(as used "w" and "m") in our analytical framework.(see Fig 2).

Such Framework can be applied for business decision making, corporate strategic decisions.

Corporate social responsibility based decisions can also be taken based on the current framework.

Public sector investments can also be made for economic development based objectives like infrastructural growth, reforms, inviting foreign investments etc.

Therefore, ignorance is and always will be a part of today and future and is always applicable but denied most times by even the most informed ones. This attitude needs to primarily corrected.

CONCLUSION

Therefore, we can conclude from the above research findings that our Null hypothesis (H0) i.e. Business success is dependent on strategically ignored issues is true and the alternate hypothesis (H1) stands as false. As per the analytical framework (figure 1), individuals working together as a team, with similar mindsets (voluntarily, or induced) can be more effective in acceptance of mutually beneficial goals and avoiding unnecessary activities, attained through long term continuous perusal rather than conflicting activities which may not be successful in the long term. **Therefore, strategic ignorance becomes qui-essential for any growing business and must be followed as strategy rather than alternative.**

SUGGESTIONS FOR APPLICATION OF STRATEGIC IGNORANCE

The mobilization of the unknowns in a situation in order to command resources,

It can be used to deny individual liability in the aftermath of disaster or accidents

at a strategic level.

To assert expert control in the face of both foreseeable unpredictable outcomes. 20

Consumer promotions can be made more effective with stress on understanding and implementing changing consumer interests through consumer research.

Investors must understand the cost of ignorance at activity levels and at strategic ignorance.

In social terms, the higher costs of information decrease prosocial behavior and that some people are willing to pay for ignorance. 21

Strategic ignorance leads to intent and policies in the long term. It leads to activity deviation and selection of other activities which are cost effective and maximizes profits.

FUTURE WORK

Our current area of research has been limited to identifying issues and developing conceptual analytical framework for application in business decision making as a strategic tool of implementation. We further intend to carry this work further into more detailed areas of or modules commonly used in business.

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